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84th Congress, 2d Session - - - - House Report No. 2218, Part 2

Union Calendar No. 825

MUTUAL SECURITY ACT OF 1956

MINORITY VIEWS

TO ACCOMPANY

H. R. 11356

TO AMEND THE MUTUAL SECURITY ACT
OF 1954, AND FOR OTHER PURPOSES



JUNE 5, 1956.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

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84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPT. 2213
2d Session } { Part 2

MUTUAL SECURITY ACT OF 1956

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Mr. SMITH of Wisconsin, from the Committee on Foreign Affairs,
submitted the following

MINORITY VIEWS

[To accompany H. R. 11356]

In 3 previous years we have felt compelled to express our strong
conviction that passage of a multibillion dollar mutual security bill of
this nature was not and could not be the answer to our basic national
need for peace and security.

In our minority report on the Mutual Security Act of 1953, 3 years
ago, we asked the following questions:

What magic formula is there in this program that is going
to transform millions of insecure people throughout the world
into valiant, invigorated, and dependable allies? Is it
United States money? No. We have tried that one many
times—with no success. Is it United States armed might?
No. Our forces have been bearing the brunt of the fight in
Korea on behalf of the principles of sovereignty, inde-
pendence, and freedom--and still the peoples of Asia
waver. * * *

It would therefore seem to us particularly essential that
we evaluate the present program in the light of what similar
programs in the past have failed to accomplish; and from
the point of view of whether or not it offers fulfillment of
pledges made to the American people. (H. Rept. 569, 83d
Cong., 1st sess., pt. 2, p. 8.)

In 1954, when the Mutual Security Act attempted to exchange the
existing patchwork of foreign aid programs for a permanent form,
we stated with equal emphasis:

There exists in our minds a grave and fundamental ques-
tion concerning the wisdom of enacting now what is con-

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sidered permanent legislation. This is particularly so in view of the unsettled world conditions which become even more unsettled with each passing day and the widespread uncertainties in high places as to our own foreign policy. The House Foreign Affairs Committee is a legislative committee, a policy committee. The sole purpose of the committee in reviewing past programs and proposed programs is to determine policy. To carry out that responsibility has been the function of the committee in bringing out this bill. But how can we determine legislative policy as a directive and framework of action for the executive branch without being fully apprised of executive branch policy to give root and substance to what, after all, amount only to the cold words of a statute? (H. Rept. 1925, 83d Cong., 2d sess., pt. 3, p. 2.)

In 1955 we felt again constrained to speak these words:

In the past we have urged what to us has seemed natural and logical—a thorough study, a reappraisal, a redefining of foreign policies, techniques and statutes concerned with the goal of international peace and security, which we all seek. The executive branch has not seen fit to do this before submitting this bill to the Congress; nor has the Congress of the United States itself, which is directly responsible to the people who foot the bills, make the sacrifices, and fight the wars, undertaken such an analysis. (H. Rept. 912, 84th Cong., 1st sess., pt. 2, p. 2.)

And now in 1956, with still no reappraisal of the problems, of the policies, or of the programs, we are again asked to accept a multibillion dollar authorization based on a concept whose validity is outmoded, if, in fact—as we would deny—such validity ever existed. We could only wish that we had been wrong; that our fears of the inefficiency of the approach had been proven groundless. We would be the first to hope that this mutual security legislation might have proved to be the effective weapon for American security and world peace that it was advertised to be.

Events, statements by foreign officials and expressions by our own leaders in the executive branch and in the Congress confirm the fears which we expressed in our three previous minority reports.

Nothing that has happened has changed our conviction that mutual security legislation of this nature is not and cannot be an adequate or right answer to our need for national security and world peace. The program continues to reveal an inherent failure in basic philosophic intent, a failure in direction and approach, and a failure to interpret the shifting nature of world events and to combat successfully relentless Soviet policy. It is increasingly apparent that the policy and the programs to be authorized by this legislation have proved to be not only wanting but actually self-defeating.

It is not that we have failed to pour out money and pour it out generously. One glance at the following table, listing the money yet to be obligated and spent, indicates our unrestrained generosity and spending:

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Estimated unobligated and unreserved balance June 30, 1956

	Estimate in March 1956	Estimate in May 1956
Military	\$297,000,000	\$195,500,000
Nonmilitary	106,600,000	190,000,000
Total	403,600,000	385,500,000

Estimated unexpended balance June 30, 1956

	Estimate in March 1956	Estimate in May 1956
Military	\$4,765,100,000	\$5,000,000,000
Nonmilitary	1,678,200,000	1,800,000,000
Total	6,443,300,000	6,800,000,000

Source: H. Rept. 2213, 84th Cong., 2d sess., p. 6.

A complete and detailed breakdown of United States generosity will be found in the appendix to this report.

This year, with mounting dissatisfaction and disillusionment with this policy among the people of the United States and their chosen Representatives in Congress, the program in this bill nevertheless plunges along, in its frustrated way, not knowing what its future course, size, or policies will be.

We feel that this bill is particularly objectionable in that the only certainty contained in it is its duration—"permanent." Those who approve this legislation have inserted into the program the mysterious, magical formula which they call "permanent legislation" as if "permanent" were synonymous with "sound." The philosophy contained in the Statement of Policy in section 7 of the bill is particularly objectionable in this regard. It puts the Congress of the United States on record and commits the United States to pursue programs of assistance as long as Communist danger to the peace of the world and the security of the United States persists. In other words, the United States is to take upon its shoulders, and the American people are to assume, the tax burden of supporting the free world indefinitely. No mention is made of what other nations are to do in order to keep the free world free. No clue is indicated as to our future course with respect to the nations who do not see fit to commit themselves with the free world.

The time is long overdue when the American people—and particularly the Congress, which carries a basic responsibility for the future of this country—must face hard facts with courage. Despite the outpouring of billions of dollars, an honest appraisal of the world situation and of our relationship to it should give ample warning, even at this late date. To continue the philosophy and policies so far provided in mutual security legislation at a greater sum and for a longer period of time, can only mean an ultimately disastrous continuation of the all too apparent failures of the program.

It is impossible to list in this brief report, either all inclusively or at sufficient length, the total reasons that call for serious questioning and opposition to H. R. 11356, the Mutual Security Act of 1956, currently under consideration. Suffice it to say that even former strong

proponents of the program—and certainly the American people—are now demanding a reappraisal and rescrutiny of the purpose and policy, based on the following disturbing record:

1. It has failed in its futile attempt to make an appropriation of money a solution for a problem.

2. It has failed to expand the area of the world which may be called "free world." On the contrary, that area is being steadily constricted while the area of uncommitted or neutral nations is steadily expanding. "Neutralism" makes it easier for the Communists to increase their influence while the efforts of the free world are made more difficult.

3. Despite the mutual security program we have failed to convince peoples seeking their freedom and newly independent nations that we are sincere in opposing colonialism.

4. It has proved deficient in wise programing, sound fiscal practices, satisfactory presentation to the Congress, adequate implementation of congressional intent, and understanding execution in the field. This is amply indicated by the testimony of the Honorable Joseph Campbell, Comptroller General of the United States, before the Senate Foreign Relations Committee on the mutual security program on May 21, 1956.

Further, this bill reflects the increasing tendency to lump money, areas, and programs together, thus giving blank check authority to the Executive. Because of the diffusion of delegated power which this bill makes possible, both the President and the Congress are steadily losing control of the spending and operations of the program.

5. It has failed to achieve for the free world the expected defense against Soviet military power. The North Atlantic Treaty Organization was organized as a defense against Soviet military power. The North Atlantic Treaty Organization is losing power when it should be increasing it.

The Secretary of State, in a news conference on April 24, 1956, stated "Broadly speaking, it is our view, and I think has been our view, that an organization of this kind [NATO] either grows or tends to dry up." With each Soviet smile, another crack appears in the NATO armor.

6. It has failed to solve the problem of how to reach the peoples themselves in the underdeveloped nations.

7. It has intermingled the valuable technical cooperation program, which is a sharing of knowledge, skills, and know-how with the peoples of the underdeveloped countries, with a huge military program that deals with arms and the implements of war. These are two totally different programs in magnitude, in philosophy, in intent, and in approach.

Study should be made of how best to emphasize the importance and long range character of the technical cooperation program. Some thought should be given to separating this vital program from the other phases of the mutual security program. In fact, the advisability might be considered of setting it up as an independent agency.

8. It has failed to consider sufficiently the present importance and the potentialities of our Latin American neighbors. The peace and security of the Western Hemisphere is vital to the preservation of the entire free world.

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9. Finally, it has failed to convey to the world, and even to our friends, the real meaning of American traditions, principles, and ideals—those attributes which have made us a great Nation and a great people.

In the face of this honest questioning even by former proponents of the program and by the public, and in the face, as well, of what seems to us also an undeniable failure in principle, policy, and performance, we cannot go along with the proposal to appropriate more billions for a longer time for more extensive programs of the same nature. What is needed is a stern, realistic reappraisal. In fact, returning from a recent study mission around the world, the Subcommittee on the Far East and the Pacific of the House Committee on Foreign Affairs stated with sober emphasis in its report:

If it is to succeed, the United States must do more than reappraise its programs: it must subject to minute scrutiny its policy and its determination (H. Rept. 2147, 84th Cong., 2d sess., p. 212).

There has been introduced in the Congress a concurrent resolution calling for a congressional committee, 6 members from the Senate and 6 from the House, to study, reevaluate, and give relentless judgment on the policies and programs that have been carried on under this mutual security legislation; and to produce, following such study, sound suggestions for better implementing our national desire for peace and security.

We urge the Congress to join with us in insisting upon a scrutiny of our foreign policies and programs as the basic need of this hour. What is actually now at stake is not the mere continuation of programs or appropriations, but the very peace and safety of this country and the whole free world.

LAWRENCE H. SMITH.
MARGUERITE STITT CHURCH.
E. ROSS ADAIR.

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APPENDIX TO MINORITY VIEWS ON H. R. 11356

There follow tables on the extent of United States foreign aid during the period July 1, 1940, through December 31, 1955. This information was furnished by the Legislative Reference Service of the Library of Congress:

As summarized in the first table United States foreign aid to all countries and international organizations for the period covering World War II and the postwar period ending December 31, 1955, amounted to \$111,126,234,000. This total does not include United States capital investments in the International Bank for Reconstruction and Development (\$635 million) and the International Monetary Fund (\$2,750 million) although these add to the foreign aid underwritten (reclaimable) by the United States Government.

Lend-lease totals were divided into two sections, namely for the war emergency period and for the postwar period. During the postwar period additional funds were not authorized; the totals extended for lend-lease were merely for the supplies in the so-called pipelines and final settlement of goods not yet delivered.

Grants-in-aid are also divided into the war and postwar periods. In general no repayment was requested. The only condition stipulated in all grant agreements was that the United States could request a return of a percentage of Counterpart Funds in national currencies or in strategic raw materials from the recipients of aid.

On the other hand, net authorized credits are loans or other agreements which gave rise to specific obligations for repayment. Utilized credits for the war period amounted to \$1,096 million, but only the total for the overall period July 1940-December 31, 1955, is given by country as there was a continual readjustment in payments as well as previous grants being transferred to the loan account.

<i>Summary of aid</i>		
Lend-lease (grants-in-aid):		
I. (a) July 1, 1940-June 30, 1945 (war period)	\$46,728,287,000	
I. (b) July 1, 1945-Dec. 31, 1955 (postwar period)	2,040,033,000	
Total	48,708,320,000	
Grants-in-aid, other than lend-lease:		
II. (a) July 1, 1940-June 30, 1945 (war period)	1,400,010,000	
II. (b) July 1, 1945-Dec. 31, 1955 (postwar period)	44,102,380,000	
Total	45,502,390,000	
Net authorized loans and credits: III. July 1, 1940-Dec. 31, 1955 (war and postwar period)	16,855,524,000	
Summary total	111,126,234,000	

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I. (a) *Lend-lease—July 1, 1940—June 30, 1945*

[In thousands of dollars]

Bolivia	\$5,026
Brazil	347,945
Chile	22,038
Colombia	8,278
Costa Rica	156
Cuba	6,154
Dominican Republic	1,458
Ecuador	7,208
El Salvador	877
Guatemala	1,736
Haiti	1,362
Honduras	368
Mexico	38,621
Nicaragua	885
Paraguay	1,952
Peru	18,001
Uruguay	6,942
Venezuela	4,480
Unspecified Latin America	108,539
Belgium	68,774
United Kingdom	28,600,797
Australia	896,641
India	610,172
New Zealand	249,432
Union of South Africa	93,370
China (Formosa)	845,743
Czechoslovakia	2,760
Ethiopia	1,238
France	2,613,543
Greece	75,365
Iran	7,791
Liberia	236
Netherlands	114,690
Norway	37,039
Poland	12,119
Saudi Arabia	5,489
Turkey	90,041
U. S. S. R.	10,760,975
Yugoslavia	32,050
Unclassified	1,245,077
Total	46,728,287

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I. (b) *Lend-lease—July 1, 1945—Dec. 31, 1955*

	[In thousands of dollars]
Brazil	\$3, 616
Colombia	11
Dominican Republic	3
Guatemala	1, 347
Mexico	553
Paraguay	2
Peru	237
Belgium	59, 480
United Kingdom	341, 462
Australia	12, 300
India	3, 000
New Zealand	2, 300
China (Formosa)	729, 418
Czechoslovakia	2
France	372, 441
Greece	5, 956
Iran	750
Italy (civilian supplies)	134, 444
Netherlands	64, 334
Poland	92
Saudi Arabia	1, 591
U. S. S. R.	277, 254
Yugoslavia	76
Unspecified	29, 864
Total	2, 040, 033

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II. (a) Grants-in-aid—July 1, 1940–June 30, 1945

	[In thousands of dollars]
Argentina	\$1,239
Bolivia	1,926
Brazil	12,693
Chile	2,864
Colombia	2,230
Costa Rica	1,722
Cuba	503
Dominican Republic	400
Ecuador	4,132
El Salvador	1,026
Guatemala	1,484
Haiti	1,131
Honduras	2,720
Mexico	8,130
Nicaragua	2,267
Panama	989
Paraguay	2,406
Peru	3,485
Uruguay	814
Venezuela	2,557
Unclassified Latin America	4,373
Austria	1,022
United Kingdom	16,158
Australia	108
Bermuda	1
British East Africa	301
Hong Kong	368
India	77
Trinidad and Tobago	3
China-Formosa	385,116
Czechoslovakia	5,717
Egypt	1,700
Finland	1,489
France	7,449
Algeria	15,945
French Equatorial Africa	118
French Morocco	68
Greece	3,627
Iceland	99
Iran	353
Ireland	308
Italy	310,166
Eritrea	15
Ryukyu Islands (Japan)	4,122
Liberia	236
Indonesia	3,625
Norway	70
Philippines	52,515
Poland	84
Portugal	1
Spain	1,759
Sweden	766
U. S. S. R.	15,205
Yugoslavia	1,028
Trust Territories in Pacific	1,826
International organizations	53,238
Unclassified areas	447,379
Total	1,400,010

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II. (b) Grants-in-aid, July 1, 1945, to Dec. 31, 1955, and calendar years 1954 and 1955

[In thousands of dollars]

	July 1, 1945, to Dec. 31, 1955	1954	1955
Argentina	\$198		
Bolivia	42,554	\$14,718	\$21,331
Brazil	20,091	2,833	5,550
Chile	10,604	1,358	1,825
Colombia	7,155	1,322	2,184
Costa Rica	13,899	1,858	2,400
Cuba	1,437	242	416
Dominican Republic	2,002	276	534
Ecuador	8,514	1,267	1,681
El Salvador	5,026	883	1,196
Guatemala	20,964	463	10,708
Haiti	11,719	2,844	3,934
Honduras	6,005	1,006	1,812
Mexico	104,758	3,964	1,625
Nicaragua	10,530	1,326	2,012
Panama	9,113	1,796	2,756
Paraguay	8,271	1,047	1,944
Peru	14,703	2,462	3,208
Uruguay	1,994	235	253
Venezuela	2,152	152	189
Unspecified	300,109	49,011	30,827
Afghanistan	3,375	1,228	1,655
Albania	20,444		
Australia	239		
Austria	1,057,470	18,251	7,534
Belgium-Luxembourg	521,980	6,285	574
Burma	20,725	1,052	720
Canada	3,904		
Ceylon	167	9	112
China (Formosa)	1,420,111	105,538	92,941
Czechoslovakia	185,825	839	1,635
Denmark	247,600	1,117	248
Egypt	30,954	4,513	22,332
Ethiopia	8,736	1,687	3,885
Federation of Rhodesia	1		
Finland	3,522	46	1,424
France	3,914,830	461,789	405,871
Algeria	107		
French Morocco	647	201	175
French West Indies	17		
Tunisia	335	56	137
East Germany	17,349	6,046	2,099
Federal Republic of Germany	3,768,428	75,494	31,399
Greece	1,649,328	55,934	54,143
Hungary	5,855	2,999	497
Iceland	29,791	881	501
India	170,206	28,790	88,429
Indochina (total)	403,912	69,496	264,709
Cambodia	27,957	12	27,045
Laos	36,573	4	36,869
Vietnam	230,249	38,322	101,028
Unspecified	108,833	31,158	7,967
Indonesia	114,083	5,912	6,743
Iran	171,358	65,273	33,395
Iraq	7,382	2,216	2,908
Ireland	18,346		
Israel	249,167	55,958	22,909
Italy (civilian supplies)	2,401,706	112,496	66,384
Trieste	47,821	360	734
Japan and possessions	2,579,391	16,230	30,333
Jordan	26,120	6,705	13,418
Korea	1,310,360	161,746	250,223
Lebanon	15,315	3,796	6,777
Liberia	6,298	1,292	1,697
Libya	24,814	4,268	17,307
Nepal	8,076	637	1,946
Netherlands	846,870	15,424	1,184
Surinam	422	220	202
Norway	235,419	15,077	3,465
Pakistan	161,699	12,202	64,607
Palestine	175		
Philippines	750,584	17,279	13,165
Poland	364,886		
Portugal	15,979	3,081	1,370
Saudi Arabia	2,662	764	340

¹ Credit.

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II. (b) Grants-in-aid, July 1, 1945, to Dec. 31, 1955, and calendar years 1954 and 1955—Continued

[In thousands of dollars]

	July 1, 1945, to Dec. 31, 1955	1954	1955
Spain	\$68,211	\$12,750	\$53,939
Sweden	87,143	8	1
Switzerland	1,803	452	21
Syria	970	17	
Tangier	17	4,624	14,327
Thailand	36,569	75,892	49,183
Turkey	444,490		
U. S. S. R.	182,180		
United Kingdom	3,896,687	163,457	81,343
Bahamas	34		34
British Borneo	137		136
British East Africa	29		29
British Guiana	97	18	74
British Honduras	147		85
British Leeward and Windward Islands	163		163
Federation of Malaya	546	47	488
Gambia	25		25
Gold Coast	16		12
Hong Kong	2,568	1,464	1,104
Jamaica	506		503
Malta	596	86	356
Nigeria	27		25
Sierra Leone	7		6
Singapore	24		24
Yugoslavia	730,305	52,931	81,411
Trust Territories in Pacific	4,444		
International organizations	1,092,148	43,447	47,759
Unspecified areas:			
Asia and Pacific	2,603,938	759,075	450,969
Europe	10,153,496	2,039,745	1,365,653
Near East Africa	1,506,676	324,369	308,509
South Asia	15,654	13	1,127
Other	330,979	38,541	40,185
Total	44,102,380	4,949,958	4,128,343

III. Net authorized loans and credits, period July 1, 1940, to Dec. 31, 1955

[In thousands of dollars]

Country	Total period July 1, 1940, to Dec. 31, 1955	Unutilized on Dec. 31, 1955
Argentina	\$162,137	\$60,072
Bolivia	47,043	2,621
Brazil	784,942	89,558
Chile	148,764	4,550
Colombia	86,293	2,812
Costa Rica	21,335	10,303
Cuba	80,228	8,060
Dominican Republic	3,284	
Ecuador	38,665	6,490
El Salvador	1,476	
Guatemala	2,619	2,125
Haiti	37,891	7,163
Honduras	1,118	
Mexico	309,747	64,836
Nicaragua	5,550	300
Panama	6,488	
Paraguay	13,900	7,670
Peru	147,755	120,134
Uruguay	22,011	2,673
Venezuela	23,822	5,378
Unspecified	144,624	7,111
Afghanistan	40,934	14,300
Australia	22,559	
Austria	34,807	4,446
Bahrain	17,048	
Belgium	234,972	
Luxembourg	3,000	
Belgian Congo	1,550	

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III. Net authorized loans and credits, period July 1, 1940, to Dec. 31, 1955—Continued

[In thousands of dollars]

Country	Total period July 1, 1940, to Dec. 31, 1955	Unutilized on Dec. 31, 1955
Burma	\$5,043	
Canada	198,621	\$2,625
China (Formosa)	367,858	16,723
Czechoslovakia	30,377	
Denmark	54,341	
Egypt	25,674	7,740
Ethiopia	31,707	24,000
Eritrea	50	
Federation of Rhodesia and Nyasaland	60,686	
Finland	152,313	11,281
France	2,463,407	1,430
Algeria	680	
French Equatorial Africa	4,368	
French Morocco	18,378	40
New Caledonia	1,501	
Germany	1,345,706	124
Greece	126,790	2,073
Hungary	15,917	
Iceland	6,249	
India	409,216	45,270
Indonesia	180,770	32,952
Iraq	120,626	55,780
Ireland	889	
Israel	128,200	
Italy	162,398	5,401
Japan	481,209	26,355
Korea	620,474	75,359
Latvia	27,428	2,500
Lebanon	11	
Liberia	1,550	
Netherlands	44,773	18,100
New Zealand	472,172	
Norway	20,453	16,120
Pakistan	140,830	
Philippines	35,136	20,000
Poland	144,652	7,686
Portugal	81,268	
Angola	59,465	4,548
Saudi Arabia	65	
Spain	31,826	
Sweden	142,033	47,424
Thailand	28,311	
Turkey	8,505	1,250
Union of South Africa	155,520	11,182
U. S. S. R.	161,714	30,179
United Kingdom	222,493	
British East Africa	5,216,757	
British Guiana	2,394	
British Honduras	128	
Jamaica	482	
Nigeria	20,930	
Yugoslavia	674	
International organizations:	55,900	
Schuman plan (European coal and steel)	100,000	
United Nations headquarters loan	65,000	
Export credits—Export Import Bank	167,143	167,143
Total	16,855,524	1,053,904

Sources:

(1) Foreign Aid, 1940-51; Office of Business Economics, Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce, 1952.
 (2) Foreign Grants and Credits, Office of Business Economics, U. S. Department of Commerce, April 1956.

